



Annual Report 2020



International
Cocoa
Initiative

THE INTERNATIONAL COCOA INITIATIVE

ICI is a Swiss-based, non-profit foundation that works to ensure a better future for children in cocoa-growing communities. It is a multi-stakeholder partnership advancing the elimination of child labour and forced labour, by uniting the forces of the cocoa and chocolate industry, civil society, farming communities, governments, international organizations, and donors.

ICI has been working in cocoa-growing communities in Côte d'Ivoire and Ghana for over 13 years and within that time has helped advance quantified progress in the fight against child labour in cocoa. Its direct actions alone have improved child protection for more than 422,000 children between 2015 and 2020, and its approaches have led to a 20% reduction in child labour in ICI-assisted communities, as well as a 50% reduction in hazardous child labour amongst at-risk children identified by ICI's monitoring systems. ICI's innovation and learning projects, sharing of good practice, coordination efforts and technical advocacy work also contribute to wider impact on the cocoa sector as a whole, in addition to its direct action, supporting the scale up of impact.



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Our vision

ICI's vision is of thriving cocoa-growing communities within a dignified, sustainable and responsibly managed cocoa supply chain, where child rights and human rights are protected and respected, and where child labour and forced labour have been eliminated.



Our mission

ICI works together with its partners to improve the lives of children and adults at risk of child labour or forced labour in cocoa-growing communities. ICI innovates, catalyses and supports the development, implementation and scale-up of effective policies and practices that promote child rights and that prevent or remediate child labour and forced labour.

A photograph of two young girls, likely of African descent, wearing blue and white checkered school uniforms. They are standing outdoors, leaning against a large tree trunk. The girl on the left is looking down at a book held by the girl on the right. The background shows a dirt path and more trees.

Our values

HUMANITY

We believe that ICI's responsibility is to help, protect and serve those who are in need, particularly by putting the best interests of vulnerable children and their families at the heart of our interventions, as well as by promoting and upholding fairness, justice and dignity, both inside and outside of ICI.

INTEGRITY

We uphold the highest standards of honesty, accountability, and transparency in all aspects of our work. We are committed to exercising and demonstrating an appropriate, efficient and rational use of resources for the maximum impact possible.

NEUTRALITY

We are independent, unbiased, impartial, equitable and inclusive in how we engage with beneficiaries, stakeholders and staff, and in the decisions we make.

PARTNERSHIP

We believe that durable, scalable and impactful solutions depend on dialogue, collaboration, joint learning and coordinated, collective action. We promote a vision of shared responsibility, where everyone deriving revenue, profit or pleasure from cocoa or chocolate works together and contributes to a more dignified and sustainable supply chain.

INNOVATION

We encourage creative thinking, challenging the status quo, and adapting to new realities. We are results-focused but are also ready to take calculated risks and to learn from failure as well as success. We aim to influence, inspire and lead the way.



ICI: a strong and resilient foundation on which to build a transformative future



Nick Weatherill, ICI Executive Director

2020 was a seismic year for all of us in the cocoa sector and beyond. Dominated by the threats and disruptions of the Covid-19 pandemic, the year also saw the publication of the latest USDOL-funded research on child labour in cocoa in Ghana and Côte d'Ivoire, from researchers at NORC. This laid out the scale of the challenge that the cocoa sector still faces and compels us to continue our efforts with urgency over the years ahead. Importantly, another study by NORC presented clear evidence that industry-backed initiatives are having a positive impact, reducing child labour by up to one-third over three years, a reduction rate that is five times faster than global rates of reduction in the agriculture sector.¹ This also chimes with our own results, confirming the effectiveness of such interventions and compelling us to call for their scale up.

Adapting to the new realities of the Covid-19 pandemic required responsiveness, strength, and resilience, as it did for so many other organizations. I am proud of the way that we, at ICI, were able to react and adapt to protect our staff and put the safety of the communities we work with first. We leveraged our monitoring systems to raise awareness of the pandemic and used them to better understand the impact of Covid-19 on child labour and child protection, so that we, and the sector at large, can better respond to these new and serious challenges (see page 11).

2020 also marked the conclusion of our 2015–2020 strategy. In spite of 2020's disruptions, this strategy saw us exceed our goal of directly and positively impacting the lives of 375,000 children, with over 422,000 children reached by our child protection work, with our partners. This is a great result that we are proud of, and one that we believe is further amplified by our indirect impact through our influence on key stakeholders in the cocoa sector. Importantly, the lessons we have learned over the past five years will underpin our work going forward (see page 15).

As important as our impact has been, however, it is clearly not sufficient, on its own, to bring about the goal of eliminating child labour as enshrined in the Sustainable Development Goals. That's why we were so excited to launch our 2021–2026 strategy.

422,610 children
were reached by our
child protection work
with our partners
between 2015–2020

1. According to the ILO Global Estimates of Child Labour, between 2008 and 2016 child labour in agriculture fell from 129m to 108m globally.

It aims to drive the scale up of child protection systems that prevent and address child labour and forced labour across the whole cocoa supply chain in West Africa and to reinforce a more enabling environment (see page 22). ICI will continue to work as an operationally grounded catalyst to guide, inspire and influence the entire cocoa sector to greater action. Our innovation and learning processes, our partnerships to build capacity and our efforts to strengthen coordination will all play an ever more vital role in the journey ahead (see pages 26–31).

Crucially for the cocoa sector, calls from all sides for mandatory human rights due diligence (HRDD), requiring companies to identify, respond to and report on human rights issues in their supply chain, continue to grow louder and drive new regulations in many parts of the world. As we enter the early phases of ICI's new strategy, HRDD legislation could be a game-changer in driving forward responsible and impactful action based on transparency and accountability.

While these trends will throw ever sharper focus on the legal obligations of different individual actors, the scope and space for organizations like ICI, founded on principles of voluntary, collective, and multi-stakeholder action, must also expand to ensure that mandatory measures can be translated into credible impact. As such, our ability to bring the cocoa sector together, to collectively define and refine good practices based on bold innovations, to provide practical guidance and tools to help companies, governments and civil society put their responsibilities into action, and to ensure that continuous improvement is visible, recognized and incentivized through transparent reporting against standards and benchmarks, remains key. Momentum is building and ICI is primed to catalyze the next step of this transformative journey, with the help of our partners and for the sake of the children whose lives we seek to change.





Covid-19

Protecting our staff and communities and deepening knowledge on child labour challenges

As for all organizations, Covid-19 presented significant challenges to ICI throughout 2020. Early last year, we took swift action to protect our staff in our offices in Côte d'Ivoire, Ghana and Switzerland, and implemented measures to ensure the farmers and communities with whom we work were safe. This included temporarily closing offices, strengthening our capacity to work from home, reducing travel from urban and regional centres into cocoa-growing areas, and providing awareness raising materials about Covid-19 and protective equipment to key workers and farming communities.

Despite these challenges, much of ICI's work protecting children was maintained. Even during the periods of lockdown in Côte d'Ivoire and Ghana when regional travel was impossible, thanks to our network of community-based facilitators, our operations were able to continue, just at a slightly reduced capacity. Often farmers themselves, these agents are usually members of the community and are an integral part of the Child Labour Monitoring and Remediation Systems (CLMRS) that we implement with our partners. At the early stages of the pandemic these individuals were also asked to distribute information and provide guidance on Covid-19 in communities, in addition to their CLMRS related activities, thus providing ICI with a critically important link to farmers and households in regions we were unable to directly visit ourselves.

New systems of communication were established to enable constant contact between staff and agents in our country and regional offices, the community-based facilitators, and our Secretariat in Switzerland. Strict rules were also put in place to ensure appropriate hygiene and social distancing measures were respected both while in the office and, during later periods when field travel was resumed, when working with the cocoa-growing communities.

While Covid-19 definitely created problems for the ICI team, it also highlighted our resilience and drive to find innovative solutions, and by the year-end, we had managed to meet a good number of our targets and objectives for the year. We also carried out over 100,000 awareness raising sessions specific to Covid-19 in Côte d'Ivoire and Ghana.



ICI staff and community facilitators carried out **over 100,000** Covid-19 awareness-raising sessions at the community and household level, reaching over 600,000 community members

During 2020, ICI also sought to advance knowledge on the impact of Covid-19 on child labour in cocoa. Early in the year, we published an analysis of existing research on potentially comparable situations, such as the Ebola outbreak. Through our CLMRS, implemented with our partners, we were also able to analyze near real-time information about child labour identification and to identify trends related to Covid-19 and any associated measures that were necessary to tackle it, such as temporary lockdowns and school closures. ICI released two analyses; one linked to the first lockdown which required schools to close in Côte d'Ivoire and a second later in the year when lockdown measures had been eased and schools had reopened. These indicated that in the 263 cocoa-growing communities analyzed, an initial increase in child labour identification during the lockdown period (relative to that expected at that time of the year) returned to expected levels for the season by the second half of the year.

In addition, ICI conducted telephone surveys with farmers and their children to understand how they were impacted by the pandemic. Many farmers reported a loss in income and an increase in household expenditure. Underlying issues, for example a lack of access to educational materials such as books, were therefore exacerbated by the pandemic, with surveys indicating that many children were unable to continue their education during the temporary lockdown. ICI has since launched an innovation project, funded by the Jacob's Foundation, to design specific solutions for the challenges raised by the pandemic, strengthening operational resilience of activities to prevent and remediate child labour.

Using CLMRS and other innovative approaches to understand the trends and the wider impact of the pandemic is vital both to tackling the double threat posed by Covid-19 (when child protection needs increase at a time when operational capability to address those needs are constrained) and to targeting effective support where it is most needed.

As Covid-19 remains a serious threat, ICI's work to protect our staff and the communities we work with continues and we are constantly sharing the knowledge we acquire about Covid-19 and its impacts on child labour with our partners in the cocoa sector, and beyond.

ICI's activities supporting cocoa-farming families over the years meant that community members like Richard Osei, in Ghana, were better prepared to get through the lockdown. In addition, targeted Income Generating Activities, such as bee keeping, were run to support vulnerable farmers, like Janet Adamkie, increase their resilience in the face of potential income shocks.



"When we closed down temporarily as a result of the lockdown, I was able to take some of my savings to support myself, my mother and my niece. As the only child currently living with her, I take care of the utility bills. I am also able to support my mother whenever she needs money for the house."

Richard Osei from Sefwi Camp, Ghana, enrolled as a brick moulding apprentice in 2017 when he was 17.



"Most of us are aware that beekeeping can be profitable since pure honey is not common in our markets. Today, I am confident to work with a colony of honeybees for the first time."

Janet Adamkie is a cocoa farmer connected to the ABOCFA cooperative and received materials and training to start up a beehive in collaboration with Tony's Choclonely.



Looking back on
progress to scale
up impact

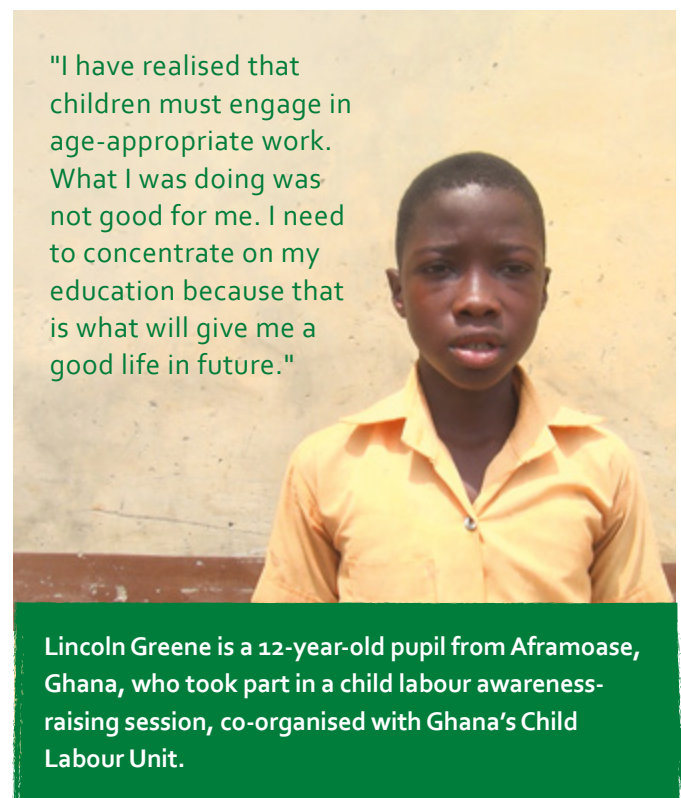
2015–2020: Assessing our impact on child protection in cocoa

Last year saw the conclusion of our 2015–2020 strategy. During this period the cocoa sector has changed significantly. Sustainability programmes to support cocoa-growing families have expanded amidst greater expectations for responsible business conduct, for corporate human rights due diligence and for the attainment of the Sustainable Development Goals. In part thanks to ICI's innovations, learning and influencing work, there has been growing stakeholder alignment on best practices to tackle child labour. In tandem ICI's membership increased during the 2015–20 period to include 14 new partners from the cocoa industry, civil society, farming cooperatives and international organizations. This has further enhanced ICI's role as a multi-stakeholder platform and a vibrant community of learning and practice.

Over this period ICI's work with our partners surpassed our target of directly reaching and positively impacting the lives of 375,000 children by 2020. Through our Community Development Programme and CLMRS, we reached 422,610 children by the end of 2020.

Our work on the ground has also provided key insight into what works to tackle child labour. Results from CLMRS show that they can reduce hazardous child labour by 50% amongst the child labourers they identify. Uptake from the sector means that these systems now cover an estimated 20% of the cocoa supply chain in West Africa. Meanwhile our three-year Community Development Programme resulted in reductions in child labour of around 20% in assisted communities. These results are in line with a key report from the NORC research institute that showed that sustained industry interventions have reduced hazardous child labour by one-third in targeted communities. As we move forward, ICI will continue to work with our partners to scale up these solutions across the cocoa supply chain (see page 22).

Over the past five years, ICI's innovation and learning has also played a key role in advancing the sector's knowledge on issues such as child labour risk, the importance of quality education, and the role of income. Pilot projects have enabled critical issues, such as forced labour risks (see page 30), to be better understood and new tools to be developed (see page 29). This learning and innovation work will continue to be central as we advance the scale up of interventions, helping us to develop new tools and improve current systems, such as CLMRS. For instance, our research on child labour risk has resulted in a model to allow at-risk households to be identified more efficiently and prioritized for support.



Our technical expertise and research combined with our experience on the ground also strengthens our ability to influence other actors and have an overall impact much larger than that linked to the projects we are directly implementing. Findings from an external evaluation of our Technical Advocacy work under the 2015–2020 Strategy have highlighted that our credibility as a technical expert with operational experience has enabled us to have significant impact on the alignment of standards and company codes of conduct within the sector, in the development of common language and definitions relating to the challenge and in the upscaling of defined good practices. The full results will be available in 2021.

New challenges have emerged over the last five years, such as the need for solid benchmarks and standards to ensure that implemented systems are effective and impactful and the need for further alignment within the sector. However, our 2015–2020 strategy has shown that we are on the right track with evidence of positive impact to build on and proof that collaboration is both possible and powerful. The lessons we have learned over the past five years have fed directly into our new strategy which aims to confront these challenges and has, at its core, a drive to scale up systems and interventions to reach all those at-risk.



Our 2015–2020 strategy has shown that we are on the right track with evidence of **positive impacts on child protection**



"Mars Wrigley has been a member of ICI since its early beginnings. We highly value our membership as it has helped us as well as our suppliers, other brands, and civil society members acquire important knowledge and expertise about effective systems to respect human rights in the cocoa supply chain. The collaboration with ICI is not only supporting our own efforts to achieve our Cocoa for Generations ambitions, but it is also helping the broader cocoa sector develop best practices to advance respect for human rights in cocoa growing communities in West Africa."

Inge Jacobs, Senior Manager Human Rights and Income – Cocoa, Mars Wrigley.

"The advantage of the Village Savings and Loans Association is that after a long period of contributing, and since nearly all of us are shopkeepers, we can take out loans to strengthen our businesses."

Marie is member of a Village Savings and Loans Association in Zougounou, Côte d'Ivoire, organized under ICI's CLMRS to empower women and improve household resilience.



"Teamwork facilitates quicker accomplishment of tasks in multifaceted issues, such as child labour, which must be addressed using a multi-sectoral approach. Our partnership with ICI is unique and provides an invaluable contribution to the Government at the local and national level, helping our efforts thrive. ICI is supporting us on important objectives, such as the review of the Hazardous Activity Framework and the National Plan of Action for the Elimination of Child Labour Phase II. Together, we can win this fight for the fundamental rights of our children and pave a brighter and solid future full of hope for them".

Elizabeth Akanbombire Assistant Chief Labour Officer, Head of Child Labour Unit, Labour Department, Ministry of Employment and Labour Relations of Ghana.



"Over 10 years ago, the certification projects revealed the danger of child labour in cocoa cultivation to the farming cooperatives. But since 2015 through until 2020, the actions driven by ICI in partnership with CAMAYE have had an incredible impact on the comprehension and solutions to the child labour problem. In particular, I would like to highlight the CLMRS. The hope of healthy cocoa-farming is more than possible with the collaboration between ICI and the agricultural world."

**Abou Camille, President of
Camaye Cooperative in Côte
d'Ivoire and ICI Board Member.**



Message from Mil Niepold – ICI Co-President and Independent Expert



Looking back over our 2015–2020 strategy it is clear that we have made great strides to advance child protection in the cocoa sector. What this period has shown us is how important multi-stakeholder collaboration is in the fight against an issue such as child labour. Crucially, we have seen ICI expand the reach of our partnership, bringing in new voices from industry and civil society, such as the Jacob's Foundation, from international organizations such as the Office of the United Nations High Commissioner for Human Rights, and from farmers themselves, allowing us to learn with and from others. This strong commitment to collaboration has been at the core of ICI's success from the outset.

ICI's dedication to collective learning, in addition to its focus on innovation and research on topics such as quality education, the impact of income on child labour, and forced labour, has helped our members, and the sector at large, better understand these issues and adopt good practices when implementing sustainability programmes. As a result, more children, and their families in cocoa-growing communities, are benefiting from more effective interventions.

As vital as learning is, what our 2015–2020 strategy has shown us is that effecting change relies on collective, long-term, and sustained interventions. A key study by NORC shows that industry-supported programmes running for three years or more, can reduce child labour by up to one-third in communities. This highlights that children can be protected, farmers can be supported, and women can be empowered, but also indicates that even greater collaboration and coordination are needed to tackle these complex issues at a greater scale. We cannot let up and must commit to working together towards our shared goal. This is a core lesson from our 2015–2020 strategy which must underpin our future endeavors, and one which we are all, as members of ICI, fully behind as we move forward.

Results from ICI-supported Child Labour Monitoring and Remediation Systems

Over the past five years we have made great progress in the roll out of systems that prevent, identify and remediate child labour, such as CLMRS, with positive impacts for the farming families and communities involved.

CLMRS have proven effective in identifying and addressing child labour: support is targeted to individual families and children, while a series of follow-up visits track children's situation over time and enable additional assistance to be provided when necessary. Importantly, these systems also allow preventive support measures to be provided at the household or community level. Supporting our partners to scale up these systems is a core part of our new 2021–2026 strategy.

Here we present the results from CLMRS we have directly implemented or supported over the past five years. These highlight a solid foundation on which we can build, while also emphasizing the need for further adaption and expansion to reach all children at risk.



Based on company reporting, approximately **450,000 out of 1,800,000 farmers are covered by CLMRS or similar systems** in Côte d'Ivoire and Ghana, representing an estimated **25% of the cocoa supply chain***



196,000 farmers targeted by CLMRS



8,433 supply chain actors trained



153,645 children received remediation/prevention support**

We know that specific activities, such as helping children to attend and stay in school and supporting cocoa-growing households develop additional sources of income, can have positive impacts on child protection and child labour. CLMRS are designed to provide such solutions where they are needed most, to remediate identified cases and prevent children from getting involved in hazardous activities in the first place.



36,253 school kits (including uniforms, books, bags) were given to children**



5,456 annual registrations to a formal school, tutoring, bridging class or an apprenticeship provided to children**



4,236 farming households received support to start up alternative income generating activities**

How effective are CLMRS at helping to stop children from engaging in child labour?

The CLMRS is built around community facilitators (often farmers themselves) who visit households, raise awareness on the dangers of child labour, and identify children engaged in hazardous work. If a child is found in child labour, they are recorded in the system and support is provided to the child, their family and community.

Unfortunately, child labour is a complex problem. Even after receiving support, it is not always easy for a child to stop working definitively, especially as the risk of child labour increases as a child grows older. This is why it is important to conduct regular follow-up visits – facilitators aim to do so every six months – to check how children are getting on and determine whether further support is required.

Data collected by the CLMRS shows us that around 40% of children found in child labour have stopped doing hazardous work by their first follow-up visit. But by their next visit, some are involved in child labour once again. However, the data shows us that if children are found to be not in child labour for at least two consecutive visits, they are much less likely to return to doing hazardous work again.

If we look at the "most recent" follow-up visit, which includes both those children who have only been visited once and those who have received support and been followed up over a longer period of time, we see that half of children are not in child labour.



25% of children identified in child labour between 2015 and 2020**

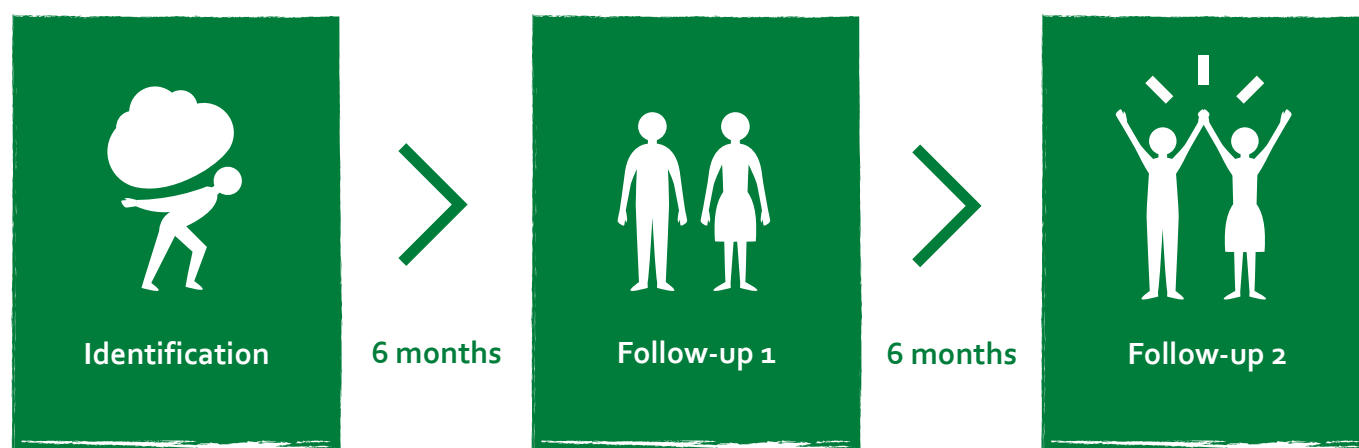
Of those children identified in child labour...



34% were not in child labour at the two most recent follow-up visits**

50% were not in child labour at the most recent follow-up visit**

CLMRS identification and follow-up



* An additional 5,008 households are covered in Cameroon. ** Based on ICI-implemented CLMRS between 2015 and 2020 only.

2021–2026: Scaling up across the cocoa supply chain

Late 2020, we launched our new 2021–2026 strategy which lays out our vision of thriving cocoa-growing communities within a dignified, sustainable, and responsibly managed cocoa supply chain, where child rights and human rights are protected and respected, and where child labour and forced labour have been eliminated. Alongside our partners and members, our goal is to have significantly contributed to the achievement of Sustainable Development Goal 8.7 and the advancement of the United Nations Global Principles on Business and Human Rights by 2025. Central to achieving this vision and goal is ICI's role as a catalyst to drive the scale-up of effective prevention and remediation systems that reach all children and adults at risk of child or forced labour.

ICI's new strategy builds upon the lessons we have learned from over 13 years tackling child labour in the cocoa supply chain in Côte d'Ivoire and Ghana, and the successful implementation of our 2015–2020 strategy. To achieve our vision and our goal, we believe three strategic objectives must be pursued:



Responsible supply chains where systems and services that responsibly and transparently prevent and remediate child labour and forced labour in the cocoa supply-chain, and its cocoa-growing communities, are strengthened, conjoined and scaled up.

A supportive enabling environment where national and international policies, capacities and systems are reinforced to ensure a supportive enabling environment that is conducive to change.

Integrated and coordinated approaches where all actors and systems operate as part of an efficient, coherent, and coordinated multi-stakeholder effort to maximize collective impact.

ICI's new approach

Already an important part of our 2015–2020 strategy, testing and evaluating new ways of tackling child and forced labour is taking on an even more prominent role as we try to scale up protection systems and advance impact. ICI will continue to conduct research on root causes, effective policies and promising practices and will share our findings with our partners and the wider cocoa sector.

We will use this knowledge, the lessons learned from our work so far and the tools we develop to advise and advocate for evidence-based policies, standards and practices, supporting the scale up of effective solutions. By participating in and influencing key policy debates and the development of sector wide standards, ICI will continue to support coordination and alignment among the different players in the cocoa sector, all of whom are essential to making further progress.

Finally, ICI's work to implement solutions on the ground will continue but will increasingly transition to a capacity-building role, supporting our members and partners to set up, embed and upscale their own child labour and forced labour prevention and remediation mechanisms, based on collectively agreed theories of good practice.

We believe that these efforts will inspire and deliver the required 100% coverage of the supply-chain with CLMRS or comparable systems, including human rights due diligence measures, that prevent and remediate child labour and forced labour. ICI itself aims to cover 25% of the full supply chain through direct work with partners and will use our influence to galvanize other entities and their collective efforts to cover the remaining 75% of the supply chain. We estimate that this will positively impact the lives of 1.7 million children by 2025.

As we were starkly reminded by the NORC survey, we of course continue to face huge challenges in this drive to scale up, but at ICI we are confident that if the efforts, investments, and motivations of the cocoa sector to fight child labour and forced labour are not only sustained but also amplified, real progress can be achieved. We are encouraged by the many calls and commitments that have recently been made from within the sector, whether for systems to be scaled up, for regulatory approaches to be applied, for partnerships to be strengthened. Collectively, we have seen that these issues can be addressed, and we can now roll out the solutions together to support all those at risk.



"As a founding member, we're proud of the catalytic role ICI is playing in driving the growing momentum towards sector-wide transformation as it is closely aligned with Cocoa Life's mission and holistic approach. Building on this momentum, ICI's new strategy is set to bring a step change for all: mainstreaming corporate due diligence at scale, strengthening national systems, and channeling investments to systemic solutions. Only then will the cocoa sector see lasting change and unlock the opportunities for all children to see their future, brightly."

**Cathy Pieters, Senior Director
Sustainable Ingredients
& Cocoa Life, Mondelēz
International.**



"Moving forward, a lot is still left to do to keep children out of child labour and in schools in cocoa-growing communities – and 2020 taught us the importance of having strong child protection-systems in place, while also promoting community empowerment and resilience. The ambition to scale-up CLMRS is important and highly commendable. We expect the industry and other actors to drive this upscaling in coordination, while keeping children's best interests and community empowerment in mind, to create systemic and sustainable change for children, families and farmers in cocoa-growing communities of West Africa."

Claes Hamilton, Regional Thematic Advisor for Africa, Save the Children.

Message from Isabelle Adam – ICI Co-President and Corporate Relations, Touton



In 2020, the Covid-19 pandemic caused unprecedented upheaval and disruption both in cocoa producing and consuming countries. In Côte d'Ivoire and Ghana, communities' access to basic services – including health and education – was impacted, at the same time as many community programmes slowed down or ground to a halt due to the necessary health and sanitation measures put in place by cocoa-producing countries. The pandemic allowed us to see how necessary and valuable community interventions, such as those led by ICI, are to the well-being of children in cocoa-growing areas.

2020 also marked the end of ICI's previous strategy cycle, and the adoption of our 2021–2026 Strategy. 2021, the first year of the new strategy, also symbolically coincides with the International Year for the Elimination of Child Labour which I believe will lend both urgency and positive energy to our work. ICI's new strategy is ambitious but offers a roadmap to scaling up action that has been proven to work, with the ultimate aim of creating a more responsible supply chain that respects human rights.

ICI is adapting tools and testing innovative approaches to help the cocoa sector identify new solutions, improve existing methods, deepen collaboration and learn how to effectively tackle complex issues such as child labour and forced labour, at scale. Scaling up, as called for in the new ICI Strategy, will require a concerted and coordinated effort from all actors in the cocoa sector, it will demand innovative thinking and creative approaches, and it will need to be underpinned by good practices and evidence of impact.

Corporate reputations, consumer confidence and changing regulatory expectations will all demand greater accountability in the cocoa sector, and transparent reporting will increasingly have to underpin our interventions so that sector progress can be tracked, impacts evaluated, and lessons learnt. By bringing together diverse stakeholders in the cocoa sector, ICI is in a unique position to drive forward coordination and channel the sector's energy where it is most needed.

ICI's new strategy is ambitious but offers a roadmap to scaling up action that has been proven to work, with the ultimate aim of creating a more responsible supply chain that respects human rights



Innovation
and learning

Advancing knowledge on the impact of income changes and cash transfers on child labour

In 2020, ICI published two studies examining the relationship between income changes and child labour. One reviewed the impact of shocks and unexpected income changes, while the other examined the impacts of interventions designed to boost incomes, such as cash transfers and school subsidies.

An analysis of income shocks highlighted the complex relationship between income and child labour. Shocks that decreased farmers' incomes, due to crop failure, a fall in price, or a devastating bout of severe weather generally resulted in increased child labour. Shocks that increased incomes, such as higher crop prices or abundant rainfall leading to a larger harvest, had a mixed impact. In around half of cases, such 'positive' shocks actually caused a rise in child labour, since the value of children's labour to the family increased in these circumstances.

These findings underline the importance of building the resilience of farming households, so that they are better able to cope if shocks cause income to fall. It also emphasizes the need for careful planning of interventions aimed at increasing farmer incomes to avoid any negative impacts.

The analysis on the impacts of specific interventions aimed at increasing farmer incomes on child labour also led to interesting findings, which will be used to inform a direct income-based pilot project (see Testing cash transfers in Ghana). The literature review analyzed 21 cash transfer programmes across Asia, Africa, and Latin America, and found that in general cash transfers can reduce child labour, increase children's access to education, and boost the resilience of farming households. In some cases, however, cash transfers caused child labour to increase, for instance when the funds were invested in farm productivity, thereby increasing the farm's labour requirement. Differing impacts were found for girls and boys, and for younger and older children.

The findings from these two distinct, but closely linked, studies are helping us better understand the complex relationship between income and child labour. They show that while boosting incomes is undoubtedly part of the solution, it is not a guaranteed silver bullet for reducing child labour, most often needing to be accompanied by other interventions and carefully designed to mitigate unintended consequences.

Testing cash transfers in Ghana

In partnership with Nestlé and ECOM, with funding from the Swiss State Secretariat for Economic Affairs (SECO), ICI launched an innovation project in Ghana to test direct income support to vulnerable farming households as a remediation tool. The project identified 702 farming households to receive cash transfers directly to accounts linked to their phones via mobile money. A group of 302 farming families received six, monthly payments between September 2020 and February 2021. The remaining households will receive transfers through until August 2021. A follow-up survey in 2021 will enable us to measure the impact of the cash transfers on child labour prevalence, school attendance and child well-being. Findings and lessons learned from the pilot will be shared towards the end of 2021.



"In Côte d'Ivoire, in cooperation with GIZ's Green Innovation Center, the aim is to run child labour risk models in over 30 cooperatives, and we have started taking into account strategies to scale up such models from the beginning. It is important for the German cooperation to think early on of mainstreaming its use in cocoa supply chains."

Jürgen Koch, Green Innovation Centre Project Manager in Côte d'Ivoire.

Predicting the risk of child labour at household level

Following on from our work to identify cost-effective ways of identifying child labour risk at the community level, which resulted in the development of the Child Labour Risk Calculator, ICI designed and launched an innovative model to predict a household's risk of child labour, one of the first models of this type to be used in the cocoa sector.

Predictive models use available data about households to predict the likelihood that child labour is happening. ICI has been testing different modelling approaches in several contexts, based on data derived from CLMRS and other available information on how different factors relate to child labour risk. Our first child labour risk model, developed for use in two cooperatives in Ghana, had an accuracy of 65%. By refining the methodology, we have now been able to increase its performance to accurately predict child labour in over 90% of cases.

By identifying where child labour is more likely to exist, household-level risk models can help increase the efficiency of child protection systems – helping us to identify more children in child labour and enabling them to receive support faster. When used in the context of CLMRS, for instance, the model could allow for savings of around 20% in monitoring costs by reducing the number of households to be visited. These resources can then be channelled towards expanding the system's coverage or providing additional support for vulnerable households.

These data-driven models use several factors to predict child labour: information about the head of household, such as their level of education and age; about children themselves; the household's access to basic services, such as water and electricity; and information about farming practices, such as the size of land under cultivation, crops grown, and the use of fertilizer and pesticides.

We found that gathering information on children's age and gender is crucial in accurately predicting a household's risk. Therefore those wishing to use a risk-based approach will need to collect and maintain up-to-date demographic information on the children living in cocoa-producing households.

Using similar approaches, we have developed several other child labour risk models, each tailored to the specific geographic context and available data. With funding from the Swiss and German governments, we are developing household risk models in both Côte d'Ivoire and Ghana, with the aim of generating tools that can be used by cooperatives to identify and prioritize households at risk. In parallel, we are working with industry partners to put such models into practice in supply-chain systems. These efforts are very much part of our collective journey to scale up systems that tackle child labour through data-driven learning and innovation.



Information on children's age and gender
is crucial to accurately predict a household's risk

Developing a toolkit to tackle forced labour risk in cocoa

Forced labour is a real risk in parts of the cocoa sector, albeit localized to specifically vulnerable population groups, according to recent studies.² Supporting our partners and the cocoa sector to understand, identify, address, and prevent both the risk and incidence of forced labour is a central part of our new 2021–2026 strategy.

In 2019, ICI launched a pilot project to better understand forced labour risks in the cocoa sector and how to address them. The pilot project enabled the creation of models to identify forced labour risk factors for children and adults, and specific measures that can be deployed to respond. As a result, in 2020, ICI began developing a series of tools that will be made available to the sector at large. For instance, a lack of contracts or written agreements is one risk factor that can contribute to forced labour. One way to alleviate this risk is the use of employment contracts that clearly lay out a worker's rights. As illiteracy, or lack of access to education, is also a risk factor, illustrated or visual contracts can be used as well. This is one component that will be included in ICI's toolkit.

Other tools include an awareness-raising kit comprising leaflets, posters, and a short animation; guidance on the issue of forced labour which has been tailored for cocoa farming cooperatives; and data collection tools to monitor the situation and needs of workers. These will be rolled out and shared with ICI's partners and the cocoa sector throughout 2021.

2. Verité (2019), Recommendations for Addressing Forced Labor Risk in the Cocoa Sector of Côte d'Ivoire. 8m globally.



"We're pleased to be part of the important work, led by ICI, to increase awareness of forced labour across cocoa-growing landscapes and build capacity to address it. We look forward to piloting the new forced labour tools with our partners and together, supporting cocoa growing communities to prevent and eliminate forced labour."

Rachel Rigby, Human Rights Lead at the Rainforest Alliance.





Year in numbers

Staff figures



Field staff 2019: **132**

Field staff 2020: **133**



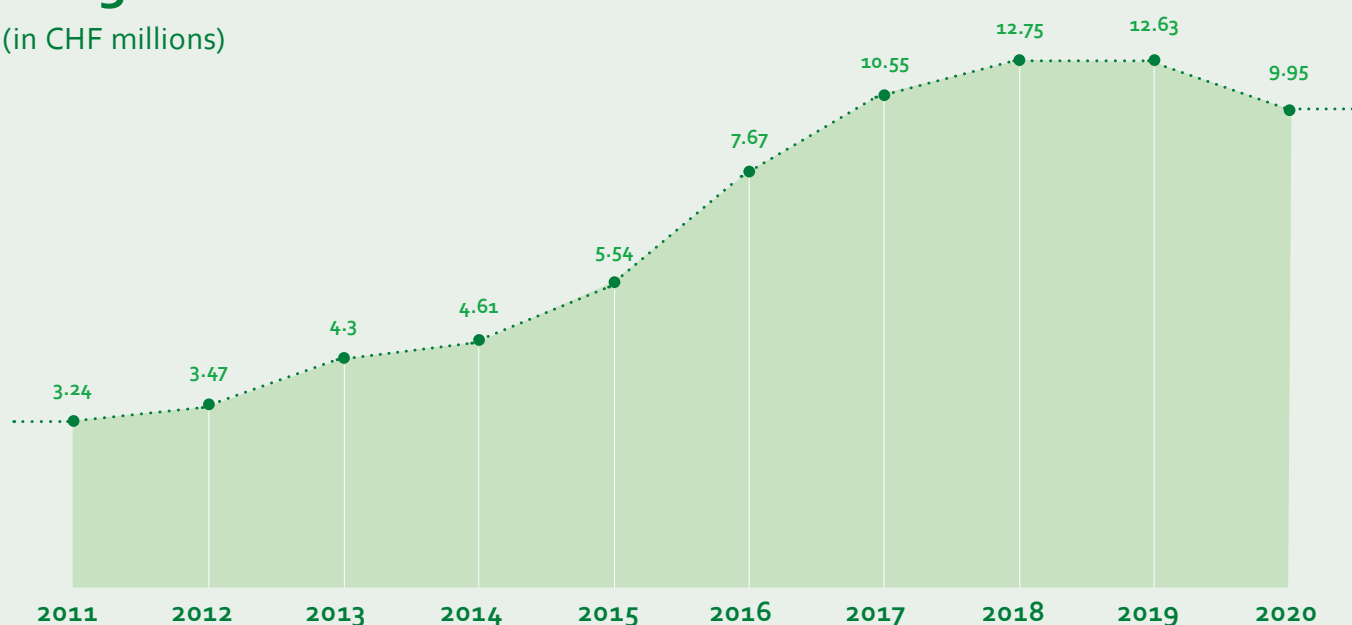
HQ Staff 2019: **14**

HQ Staff 2020: **16**

Total staff 2019: **147** Total staff 2020: **148**

Budget 2011–2020³

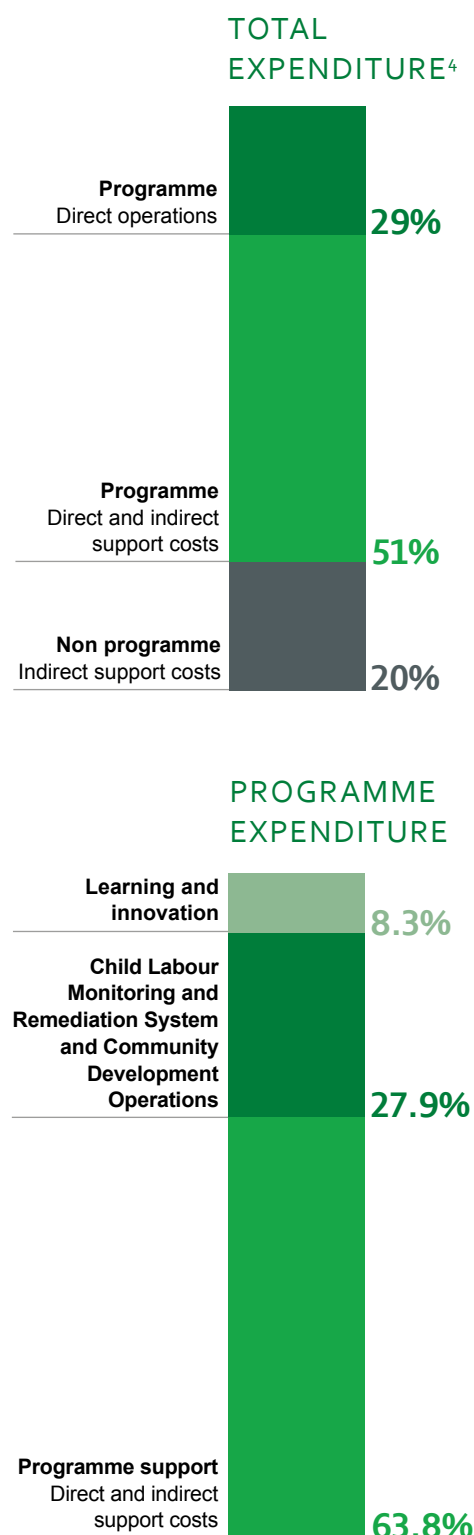
(in CHF millions)



3. Our budget was lower in 2020 compared to previous years due to the operational disruptions linked to Covid-19.

2020 financial statement

	in CHF
Revenue	9,948,284
Expenditure	
Programme (direct operations)	2,656,886
Community development	66,997
Child Labour Monitoring and Remediation System	1,982,088
Learning	185,537
Innovation	422,264
Programme (direct and indirect support costs)	4,679,734
Direct support costs	
Staff, office, administration and logistics	3,584,859
Indirect support costs	
Staff	1,084,845
International travel	10,030
Non-Programme indirect support costs	1,875,006
Staff	1,317,569
Office, administration and logistics	505,040
International travel	12,181
Communications	40,216
Total expenditure	9,211,627
Earnings before Non-Operating and Financial Results	736,657
Miscellaneous non-operating income and expenditure	-14,477
Net use of reserves	11,985
Excess of Revenue over Expenditure	734,165



4. Expenditure was significantly lower than expected due to operational disruptions linked to Covid-19.

ICI board members, contributing partners and other donors end-2020

Abou Camille
Individual farmer
representative



Mil Niepold
Independent expert



Richard Longhurst
Independent expert



Other donors



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